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# County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN  
Chief Administrative Officer

August 25, 2005

To: Supervisor Gloria Molina, Chair  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From:   
David E. Janssen  
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEY YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## OPTIONS FOR MORE EFFECTIVE ADMINISTRATION OF HOMELESS SERVICES AND PROGRAMS 60-DAY REPORT – MOTION OF JUNE 20, 2005

On June 20, 2005, your Board appropriated funds for designated emergency shelter facilities and operations; and directed my office to work with the Community Development Commission (CDC) to research and evaluate dedicated revenue sources for homeless programs; and to work with CDC, the Auditor-Controller, County Counsel, and the City of Los Angeles to develop options for more effective administration of homeless services and programs in Los Angeles County. Your Board requested a 60 day report on these matters. This memo serves as that report, however, please be advised that this is a status report and will be augmented with additional reports.

### Los Angeles Homeless Service Authority Fiscal/Contract Operations Assessment

In response to concerns with the Los Angeles Homeless Services Authority's (LAHSA) fiscal and contract administration operations, a joint assessment of LAHSA was conducted by the County's Auditor-Controller and the City Controller. The assessment was submitted to your Board on July 19, 2005. The joint assessment indicated that LAHSA "has a number of significant fiscal issues." Since receiving the assessment, County and City management have taken the following actions:

- The County and City have each assigned contract and financial staff to work at LAHSA with Thompson, Cobb, Bazilio, and Associates (TCBA), the financial consulting firm retained by LAHSA, to assist in reconciling LAHSA's fiscal operations. TCBA, County, and City staff have worked on the following: review and classify all unpaid invoices to determine the status and ascertain the appropriate funding source; work to execute contracts for Fiscal Year 2005-06; and review financial transactions between July 1, 2003 and June 30, 2005 for purposes of reconciling the LAHSA books to correct the commingling of funds that is known to have occurred during this period. County staff from the CDC and the Department of Public Social Services are assigned to this effort.

- On July 26, 2005, a meeting was convened with regional staff for the Federal Department of Housing and Urban Development (HUD) to review the situation at LAHSA and discuss the proposed corrective action plans. HUD was satisfied with the timeliness and content of the City-County corrective action response (contained in the July 19, 2005 assessment) to LAHSA's fiscal and contracting lapses, and expressed their willingness to work with the County to implement the plan. We will continue to meet with HUD regional staff on a regular basis to keep them apprised of the progress.
- The County and City strongly agree that keeping homeless programs funded by LAHSA open and running is of critical importance. Meetings were held with LAHSA contractors on July 28, 2005, to explain the situation and interview each contractor concerning their current contract and invoice status with LAHSA, as well as the fiscal condition of their agency. CDC, City of Los Angeles Housing Department staff, and LAHSA Commissioners addressed the contractors; following the presentations, contractors met individually with LAHSA, County, or City staff to review their situations. Of the 90 LAHSA contractors, 71 attended the July 28 meetings.
- On July 29, 2005, staff from CDC, City of Los Angeles, and my office met to begin discussions on what joint efforts need to be put in place to ensure the long-term effective and proper functioning of LAHSA and/or our mutual homeless services and programs, regardless of their governance format. These discussions will continue and will culminate in a presentation of options and recommendations to your Board regarding governance structure for Los Angeles County regional homeless services and programs. The current discussions have included a review of the LAHSA joint powers agreement and specifically the provisions that govern amending or terminating the agreement. The amendment process is not overly onerous, however, terminating the agreement requires a 180 day notice period. While we have not developed any specific recommendations, we share the opinion that both the County and City will need to improve the diligence of their oversight of homeless service operations, whether provided through LAHSA or some other government structure.
- The Executive Director of the Los Angeles County Community Development Commission, and the General Manager of the Los Angeles City Housing Department, have been designated as members of an administrative oversight team to oversee corrective actions at LAHSA and provide ongoing input to your Board, Mayor Antonio Villaraigosa, and the Los Angeles City Council. On Friday, August 19, 2005, I added the County Auditor-Controller as a member of the administrative oversight team.
- On August 19, 2005, the LAHSA Board of Directors unanimously approved a motion inviting and empowering the administrative oversight team to assume direct management oversight of the fiscal and contract operations of LAHSA through at least December 31, 2005. At that meeting, it was announced that Deputy Mayor Ovrom and I have jointly agreed the County Auditor-Controller will be the administrative oversight team member with day-to-day direct management oversight responsibility.

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### **Funding Strategies**

Currently, \$2.5 million in ongoing funding for year-round homeless shelter services has been identified and included in the Provisional Financing Uses Budget. In collaboration with CDC, my Budget Operations and Management Branch is in process of evaluating funding strategies, including dedicated revenue sources for homeless programs and emergency shelters, supportive, and transitional housing, as well as permanent affordable housing. Upon successful identification of any dedicated financing, we will evaluate the fiscal and budgetary impact, and where appropriate, include these new resources in the Fiscal Year 2006-07 Proposed Budget process.

### **Governance Structures**

Options for more effective governance structures are currently being researched by staff of my Service Integration Branch. In addition, the meetings/discussions cited above have also been used as a forum to discuss this important issue. The County and City agree that any reform of the current structure must include a regional approach to serving the homeless in Los Angeles County; the County's other 87 cities need to be considered. Findings will be included in my 90-day report to your Board.

If you have any questions or need additional information, please contact me, or your staff may contact Lari Sheehan at (213) 893-2477, or [lsheehan@cao.co.la.ca.us](mailto:lsheehan@cao.co.la.ca.us).

DEJ:LS:MDC

c: Members, Los Angeles Homeless Service Authority Commission  
Raymond G. Fortner, Jr., County Counsel  
J. Tyler McCauley, Auditor-Controller  
Bryce Yokomizo, Director of Public Social Services  
Carlos Jackson, Executive Director of the Community Development Commission  
Deputy Mayor Bud Ovrum, City of Los Angeles  
Mercedes Marquez, General Manager, City Housing Department  
Mitchell Netburn, Executive Director, Los Angeles Homeless Service Authority